

STATE OF ILLINOIS



Department of Financial and Professional Regulation Division of Insurance

IN THE MATTER OF THE
REVOCATION OF LICENSING
AUTHORITY OF:

JLF FINANCIAL SERVICES INC
0N701 BARRY AVE
WHEATON, IL 60187

and

JIMMY L. FARR
0N701 BARRY AVE
WHEATON, IL 60187

ORDER OF REVOCATION

I, Michael T. McRaith, Director of Insurance, Illinois Department of Financial and Professional Regulation, Division of Insurance, hereby revoke the license of Jimmy L. Farr (Licensee) and the license of JLF Financial Services, Inc. (Business Entity) to take effect 30 days from the date of mailing of this Order pursuant to Section 500-70 of the Illinois Insurance Code (215 ILCS 5/500-70).

Based upon an investigation and review of the Licensee and the Business Entity by the Producer Section of the Division of Insurance, the Director alleges that:

- A. The Business Entity and Licensee collected \$4,752.00 from a consumer and deposited the premium into the PFTA on December 22, 2001 for policy # PC11020501 and collected \$10,867.00 for policy # PC011020502 on December 28, 2001 and deposited the premiums into the PFTA on December 29, 2001.

The Business Entity and Licensee brokered the policies through another insurance agency. The Business Entity and Licensee were on an invoice basis and the net premium was due immediately upon receipt of the invoice. The first invoice in the amount of \$4,276.80 was dated November 28, 2001 and the second invoice in the amount of \$9,780.30 was dated December 28, 2001. As of April 14, 2005, the Licensee only submitted \$1,120.00 toward these policies leaving an unpaid balance of \$12,987.10.

The Business Entity and Licensee have improperly withheld monies required to be held in a fiduciary capacity in violation of 50 Ill. Adm. Code 3113.40(j) and Section 500-115(a) of the Illinois Insurance Code (215 ILCS 5/500-115(a)) which is a ground for revocation pursuant to Section 500-70(a)(4) of the Illinois Insurance Code (215 ILCS 5/500-70(a)(4)).

Therefore, the Business Entity and Licensee have violated an insurance law and a rule and have demonstrated incompetence, untrustworthiness and financial irresponsibility, which are grounds for revocation pursuant to Section 500-70(a)(2) and (8) of the Illinois Insurance Code (215 ILCS 5/500-70(a)(2) and (8)).

- B. The fiduciary review for the premiums collected from the above consumer revealed that for the time period of December 22, 2001 through February 28, 2002, the balance in the Business Entity and Licensee's PFTA was deficient in respects to those premium monies under examination on 67 days during that time period.

During the 67 days in which the Business Entity and Licensee's PFTA were deficient, the deficiency difference ranged from \$2,178.26 to \$10,481.25. The average deficiency for the 67 days was \$5,652.57.

The Business Entity and Licensee have misappropriated monies required to be held in a fiduciary capacity in violation of 50 Ill. Adm. Code 3113.40(j) and Section 500-115(a) of the Illinois Insurance Code (215 ILCS 5/500-115(a)) which is a ground for revocation pursuant to Section 500-70(a)(4) of the Illinois Insurance Code (215 ILCS 5/500-70(a)(4)).

Therefore, the Business Entity and Licensee have violated an insurance law and a rule and have demonstrated incompetence, untrustworthiness and financial irresponsibility, which are grounds for revocation pursuant to Section 500-70(a)(2) and (8) of the Illinois Insurance Code (215 ILCS 5/500-70(a)(2) and (8)).

- C. A review of the canceled checks from the Premium Fund Trust Account #805-201233-6 at Charter One Bank, for the period of December 1, 2001, to February 28, 2002, revealed that the Business Entity and Licensee issued 25 improper disbursements totaling \$10,320.17.

The Business Entity and Licensee issued improper disbursements from the PFTA in violation of 50 Ill. Adm. Code 3113.40(h).

Therefore, the Business Entity and Licensee have violated a rule and have demonstrated incompetence, untrustworthiness and financial irresponsibility, which are grounds for revocation pursuant to Section 500-70(a)(2) and (8) of the Illinois Insurance Code (215 ILCS 5/500-70(a)(2) and (8)).

- D. A review of the fiduciary account for the period of December 1, 2001, to February 28, 2002, revealed that the Business Entity and Licensee did not reconcile the financial institution account for the entire period.

By failing to prepare and maintain monthly financial institution reconciliations of the PFTA the Business Entity and Licensee have violated 50 Ill. Adm. Code 3113.50(g).

Therefore, the Business Entity and Licensee have violated a rule and have demonstrated incompetence, untrustworthiness and financial irresponsibility, which are grounds for revocation pursuant to Section 500-70(a)(2) and (8) of the Illinois Insurance Code (215 ILCS 5/500-70(a)(2) and (8)).

- E. The Business Entity and the Licensee's fiduciary account was labeled "J F L Financial Services, INC" on the bank statements and the checks were labeled "PREMIUM TRUST ACCOUNT".

The Business Entity and Licensee maintained a fiduciary account that was not designated Premium Fund Trust Account on the bank statements and the checks in violation of 50 Ill. Adm. Code 3113.40(b).

Therefore, the Business Entity and Licensee have violated a rule and have demonstrated incompetence, untrustworthiness and financial irresponsibility, which are grounds for revocation pursuant to Section 500-70(a)(2) and (8) of the Illinois Insurance Code (215 ILCS 5/500-70(a)(2) and (8)).

- F. On January 31, 2005, the Division of Insurance received a letter from the Licensee with an Oregon, WI return address. This letter stated the Licensee was voluntarily surrendering his Business Entity license, as the Business Entity will cease to do business as of February 1, 2005.

A March 2, 2005, letter was returned to the Division on April 14, 2005, by the Post Office with marking on the envelope stating "Return to Sender" and "Moved to Wisconsin".

The Licensee failed to file a change of address within 30 days of the move after the change of legal residence in violation of Section 500-40(c) of the Illinois Insurance Code (215 ILCS 5/500-40(c)).

Therefore, the Business Entity and Licensee have violated an insurance law and have demonstrated incompetence and untrustworthiness, which are grounds for revocation pursuant to Section 500-70(a)(2) and (8) of the Illinois Insurance Code (215 ILCS 5/500-70(a)(2) and (8)).

This Order of Revocation shall take effect 30 days from the date of mailing but shall be stayed if within the 30-day period a written request for hearing is filed with the Director. Any correspondence concerning this Order of Revocation shall be addressed to the Division of Insurance, Producer Section, 320 West Washington Street, Springfield, Illinois 62767-0001.

50 Ill. Adm. Code 2402 governs hearings before the Division of Insurance. Section 408(5)(a) of the Illinois Insurance Code (215 ILCS 5/408) and 50 Ill. Adm. Code 2402.270(d) provide that the costs of a hearing may be assessed against the parties.

DEPARTMENT OF FINANCIAL AND
PROFESSIONAL REGULATION of the State
of Illinois; FERNANDO E. GRILLO,
SECRETARY

DIVISION OF INSURANCE

Date:

June 3, 2005

Michael T. McRaith

Michael T. McRaith
Director of Insurance

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